

# EUROPEAN ECONOMY

COMMISSION OF THE EUROPEAN COMMUNITIES • DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

Supplement A — No 1 — January 1983

## Recent economic trends

*In this number: Quarterly National Accounts;  
details for the third quarter of 1982*

**Decline in the Community's GDP in the third quarter confirmed.**  
— Revised figures based on national accounts data for the four major Member States confirm that there was a sharp decline in the Community's GDP in the third quarter, now estimated at 4,6% (seasonally-adjusted annual rate) following a fall of 0,9% in the preceding quarter (see Table).

Data on the development of the various components of demand and supply in the third quarter show that the decline in output reflected a further and strong decline in the volume of exports as well as a sharp decline in domestic demand reflecting, notably, a new downturn of the stockcycle. The change in stocks in the third quarter of 1982 gave a negative impact amounting to as much as 6% of GDP (s.a.a.r.) after a positive contribution to growth in the preceeding three quarters. Domestic demand, excluding inventory formation, actually showed a slight increase as some fall in fixed investment was compensated by a rise in private and, notably, public consumption. The external balance also gave a positive contribution to growth as import volume fell even faster than the volume of exports but this was not enough to outweigh the negative effect of the decline in inventory formation.

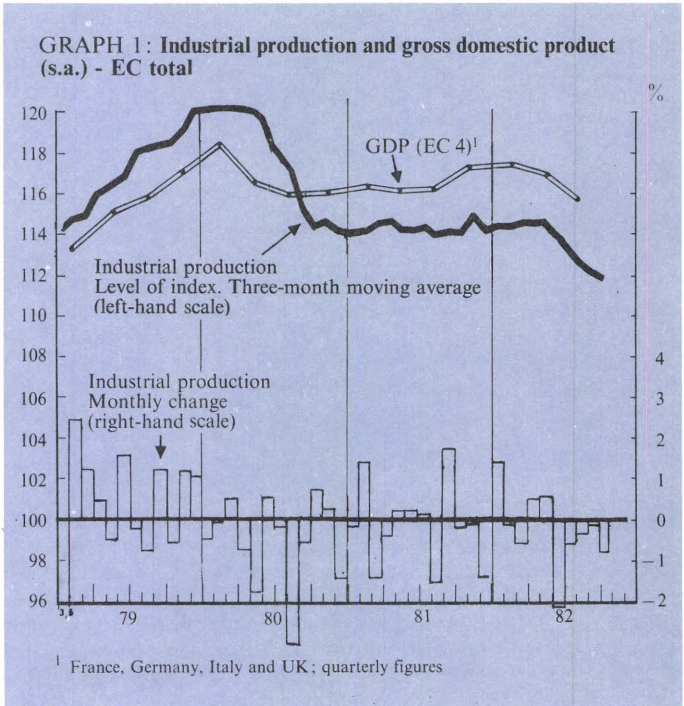
As in previous quarters the fluctuations of individual country figures appear more erratic than the Community aggregates, but nevertheless show the same broad patterns.

In Germany the decline in inventory formation was less marked than in the three other major EC countries but private consumption showed a decline of 3,2% (s.a.a.r.) and thus fell for the fourth consecutive quarter. Consequently, despite an upturn in fixed investment, domestic demand, excluding inventory formation, fell somewhat further in the third quarter and total domestic demand dropped at about the same rate as on average for the Community.

In France the rise in private and public consumption—which has been relatively fast in the last two years—continued in the third quarter; fixed investment, on the other hand, fell so sharply that total domestic demand, excluding inventory formation, declined by 0,9% (s.a.a.r.). With inventory formation falling to the tune of 7,6% of GDP, total domestic demand

fell by 8,3% (s.a.a.r.). Despite a marked improvement in the real external balance, as imports fell in response to lower inventory formation, gross domestic product fell—although slightly less than in Germany.

In Italy gross domestic product fell at an annual rate of 11,6%, reflecting both a deterioration of the external balance, a fall in inventory formation and a very large drop in fixed investment. Only public consumption is estimated to have seen some further increase, while private consumption stagnated.



# Major supply and demand components at constant prices

(Percentage change on preceding period, annual rates; seasonally adjusted)

	GDP <sup>1</sup>	Imports <sup>2</sup>	Exports <sup>2</sup>	Foreign balance <sup>2,3</sup>	Domestic demand	Change in stocks <sup>3</sup>	Final domestic demand	Gross fixed investment	Government consumption	Private consumption
<b>EC-4</b>										
1979 Q1	1,2	7,1	-0,5	-1,9	3,1	1,1	2,1	-6,1	1,6	5,1
Q2	6,5	19,1	14,1	-1,1	7,7	-0,8	8,7	15,4	3,4	8,1
Q3	1,3	11,3	3,9	-1,8	3,1	4,0	-0,9	7,7	0,5	-4,0
Q4	5,5	7,1	5,1	-0,5	6,1	-0,2	6,4	11,1	2,3	6,0
1980 Q1	3,8	10,4	12,1	0,4	3,4	-0,6	4,1	2,5	3,2	4,9
Q2	-5,0	-6,5	-10,6	-1,1	-3,9	0,3	-4,3	-7,0	1,7	-5,0
Q3	-2,7	-5,9	-5,8	0,1	-2,7	-4,5	1,9	-1,9	2,5	3,0
Q4	1,3	-1,9	0,9	0,8	0,5	-0,2	0,8	0,8	0,1	1,0
1981 Q1	0,9	-0,7	8,1	2,3	-1,3	-0,2	-1,2	-10,0	5,6	0,0
Q2	-2,0	-1,8	12,3	3,7	-5,5	-4,2	-1,4	-0,3	-4,6	-0,8
Q3	-0,8	11,9	12,6	0,3	-1,1	-2,8	1,8	-1,2	4,3	2,1
Q4	4,5	3,0	10,8	2,2	2,4	3,0	-0,7	-4,5	-1,5	0,9
1982 Q1	0,8	7,8	-4,8	-3,5	4,5	4,4	0,0	-7,4	4,8	1,1
Q2	-0,9	0,2	-5,4	-1,6	0,8	1,4	-0,6	2,5	-1,2	-1,4
Q3	-4,6	-12,2	-8,0	1,2	-5,8	-6,0	0,2	-2,7	2,3	0,5
<b>Federal Republic of Germany</b>										
1981 Q1	1,9	14,7	23,3	2,3	-0,4	0,4	-0,8	-11,9	17,1	-2,2
Q2	-3,2	-12,4	10,4	7,0	-9,9	-6,1	-4,0	7,6	-12,4	-4,9
Q3	2,8	11,3	22,8	3,6	-0,8	-3,6	3,1	4,9	5,9	1,4
Q4	0,6	-6,4	12,9	6,1	-5,4	0,8	-6,1	-22,3	-3,1	-0,5
1982 Q1	-1,5	26,9	-0,7	-7,0	7,0	9,6	-2,9	-16,0	7,2	-1,4
Q2	-1,3	-14,7	-5,5	2,8	-4,2	-1,0	-3,2	9,6	-4,9	-6,7
Q3	-5,0	-8,9	-8,5	-0,3	-5,0	-3,8	-1,1	2,6	1,3	-3,2
<b>France</b>										
1981 Q1	-2,4	-6,7	-0,7	1,5	-3,9	-2,6	-1,3	-8,1	0,8	0,6
Q2	5,1	1,7	25,5	5,2	-0,1	-3,2	3,1	0,1	2,4	4,3
Q3	0,8	2,8	0,5	-0,5	1,3	-0,7	2,1	-5,9	2,3	4,7
Q4	3,9	21,1	4,4	-3,5	7,7	6,0	1,5	2,1	1,6	1,3
1982 Q1	-0,9	-8,2	-14,7	-1,8	0,9	-2,0	3,0	-5,7	2,7	5,9
Q2	4,3	16,7	-13,9	-7,0	12,0	7,4	4,3	9,5	3,4	3,0
Q3	-3,2	-10,5	13,3	5,7	-8,3	-7,6	-0,9	-9,6	0,9	1,6
<b>Italy</b>										
1981 Q1	3,3	-1,3	14,2	3,4	-0,1	0,2	-0,4	0,5	1,6	-1,1
Q2	-4,1	-14,9	2,0	3,9	-7,9	-5,3	-2,7	-15,1	1,2	0,1
Q3	-6,6	-16,6	15,8	7,4	-13,6	-13,0	-0,3	-6,4	1,7	0,9
Q4	10,6	27,5	17,0	-1,0	12,4	6,4	5,3	19,4	1,3	2,6
1982 Q1	5,1	17,0	12,4	-0,3	5,7	6,8	-1,4	-8,1	1,6	-0,1
Q2	-5,8	-7,9	-10,9	-1,2	-4,9	-2,8	-2,1	-5,3	1,6	-2,0
Q3	-11,6	-23,5	-25,1	-1,6	-10,5	-7,9	-2,5	-14,4	1,5	0,0
<b>United Kingdom</b>										
1981 Q1	2,1	-18,5	-12,5	2,0	0,1	2,7	-2,5	-19,5	-5,8	3,9
Q2	-8,1	33,6	9,4	-5,5	-2,8	-0,7	-2,0	-1,9	-0,5	-2,5
Q3	-4,8	57,4	5,2	-12,2	8,1	6,9	1,2	-0,3	5,3	0,2
Q4	8,1	-14,8	9,6	8,3	-0,1	-1,2	1,0	8,0	-3,5	0,8
1982 Q1	4,5	-8,3	-14,1	-1,7	6,1	3,6	2,5	13,0	5,0	-1,0
Q2	-3,3	19,1	12,5	-2,1	-1,2	0,9	-2,1	-16,0	-1,0	1,6
Q3	0,5	-10,5	-14,9	-1,1	1,6	-5,2	6,9	13,7	5,5	

<sup>1</sup> FR of Germany: GNP.

<sup>2</sup> Goods and services; including intra-Community trade; FR Germany: including factor incomes.

<sup>3</sup> Change on previous period as percent of previous period's GDP.

Source: Federal Republic of Germany: Bundesbank, France: INSEE, Italy: ISCO, the United Kingdom: CSO.

Alone among the four major Member States, the United Kingdom saw an increase, albeit a small one, in GDP in the third quarter; the real external balance deteriorated and inventory formation fell much along the same lines as in Italy but fixed investment and public and private consumption all showed considerable rates of increase.

After the decline in the third quarter, the Community's GDP in real terms was back to the previous low of the third quarter of 1980 and about 2% below the level of the previous cyclical peak reached in the first quarter of 1980. The continued weakness of output as late as 10 quarters from the last cyclical peak stands in sharp contrast to developments after the fall in output in 1974/75. As shown in the upper part of Graph 2, which compares the development of GDP in the two cycles, the Community's GDP during the 1974/75 cycle had already after 5 quarters reached, and after 10 quarters was more than 5% above, the previous peak value.

**Decline of industrial production in October.** — Judging from the development of industrial production, economic activity is unlikely to have staged a recovery in the fourth quarter: after having declined during the previous four months, industrial production in the Community (s.a.) is estimated to have slipped a further 0,8% in October and the trend—as measured by the three-month moving average—dipped further from the level of the previous month (Graph 1 and Table 1).

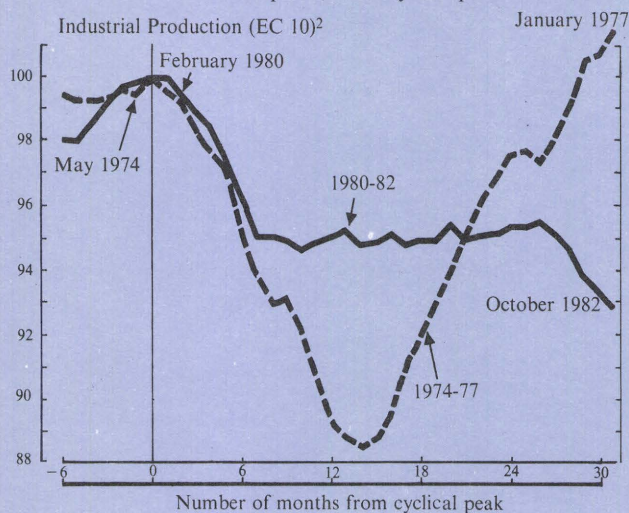
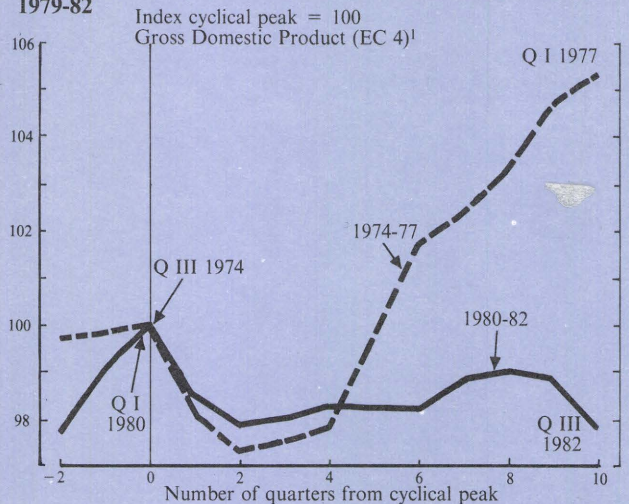
The bottom panel of Graph 2 compares the development of industrial production over the two last cycles using the same approach as outlined above for GDP. As seen, industrial production over the most recent cycle did not decline as steeply as during the 1974/75 downturn—when output fell almost 12% below the previous peak value. On the other hand, industrial output has, up to now, failed to recover as it did in 1976 and is therefore now some 10 percentage points lower than at the corresponding point of the 1974/77 cycle.

Among the Member States, France and Luxembourg recorded a rise in industrial production in October but this was not enough to compensate the falls recorded in Denmark, Germany, Italy and the United Kingdom. It should be noted, however, that the figures on industrial production in Italy seem to be insufficiently adjusted for seasonal fluctuations so that the decline recorded in October does not necessarily give a correct representation of the underlying trend (the Community total is seasonally adjusted by Eurostat and does not always exhibit the same fluctuations as the aggregate of the national series).

The development of industrial production in the individual Member States in recent years is compared with the Community average (1975 = 100) in Graph 3. As seen, despite certain relative fluctuations, industrial output in Belgium, Germany and France has been following the Community trend relatively closely while other Member States have seen more substantial divergences. Denmark, where the trend in industrial production at the end of 1980 was close to the Community average, has since then improved its relative performance. In Greece, on the other hand,



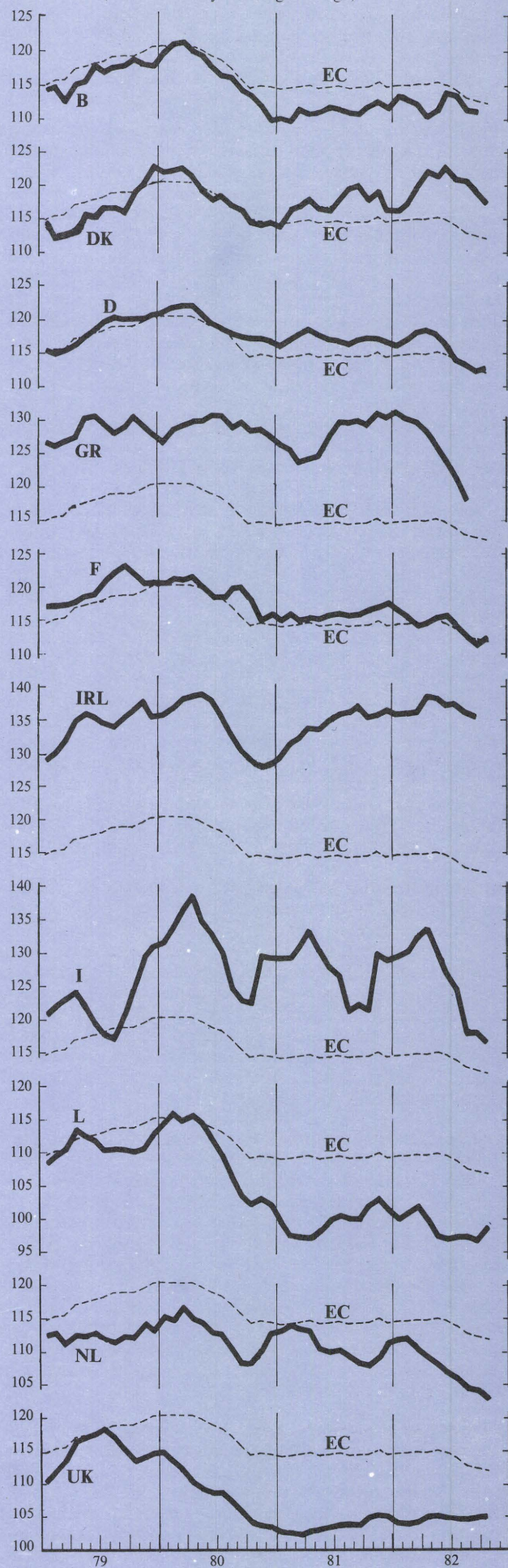
GRAPH 2: Comparison of cycles in the Community 1974-77 and 1979-82



<sup>1</sup> Quarterly figures for the Federal Republic of Germany, France, Italy and UK.  
<sup>2</sup> 3-month moving average.

GRAPH 3: Industrial Production (s.a.)

1975 = 100 (three-monthly moving average)



industrial production had performed much better than the Community average up to the beginning of 1982 but since then has fallen very sharply in sharp contrast to Ireland, which has managed to approximately maintain the level of output in 1982. Also Italy has managed to keep the level of output above the Community average, while in Luxembourg, the United Kingdom and the Netherlands industrial output has fallen considerably below the Community average. Indeed, in the Netherlands, industrial production in October was 6% lower than a year earlier as against 3,0% for the Community as a whole.

**Continued rise in unemployment.** — The rate of unemployment in the Community, (seasonally adjusted) in November reached 10,3% of the active population, up one tenth of a percentage point from the level of October.<sup>1</sup>

<sup>1</sup> From November 1982 onwards, UK unemployment statistics are based on the number of claimants for unemployment benefit rather than the number of unemployed registering on the unemployment registers which is no longer a condition for entitlement to unemployment allowance. This change in recording has affected the UK unemployment figure in the following ways: unemployed persons who do not claim the benefit have been excluded and some severely disabled persons who were not registered as unemployed but received unemployment allowance, are now counted in the unemployment statistics. According to figures published by the UK Department of Employment, the number of unemployed in October (unadjusted on the new basis) was 246 000 lower (about 0.4 points) than on the old basis. The change in the system of counting has also affected the seasonal adjustment factors which have not yet been re-estimated. The November figures for the UK and for the Community total are based on an estimate by the Commission services of the UK unemployment rate on the old basis. In the near future Eurostat will provide an estimate of the UK unemployment rate on the new basis beginning in 1970. As soon as available, this series will be used in Supplement A.



The rate of unemployment rose further in Belgium, Germany, Ireland, Italy and the Netherlands but remained unchanged in Denmark, France and Luxembourg. In France, where a further decline took place in December, the rate of unemployment has been maintained just below the 9% mark since the spring of 1982 and the rate of increase over 12 months is, next to that of Denmark, the lowest in the Community. Compared to October 1981, particularly large increases in unemployment have occurred in Germany (36,8%) and the Netherlands (38,0%).

The development of the unemployment rate since the last peak of economic activity in the Community has been substantially different from the patterns of the 1974-1976 cyclical episode. Despite the fact that output is now considerably lower than at the corresponding point on the 1974-76 cycle, the increase in unemployment has—in relative terms—kept below the level of the last cycle. The reasons why unemployment, while on a much higher level, has not reacted as strongly as in 1975 to the weakening of activity are not clear, but part of the explanation could be found in the various labour-market measures taken in recent years, including accelerated retirement, special measures to combat youth unemployment, etc. However, given the normal delays in the response of employment to changes in output, the weakening of activity in the second half of 1982 has not yet been fully reflected in the figures for unemployment.

**Further decline in the trend rate of inflation.** — The rate of increase in consumer prices in the Community in November, at 0,8%, was unchanged in comparison with the result for October. The trend rate of increase, estimated as the seasonally-adjusted rate of change over six months, nevertheless fell further, from 9,1% in October to 8,8% in November, and in the latter month was about 4 percentage points lower than a year earlier (Graph 6).

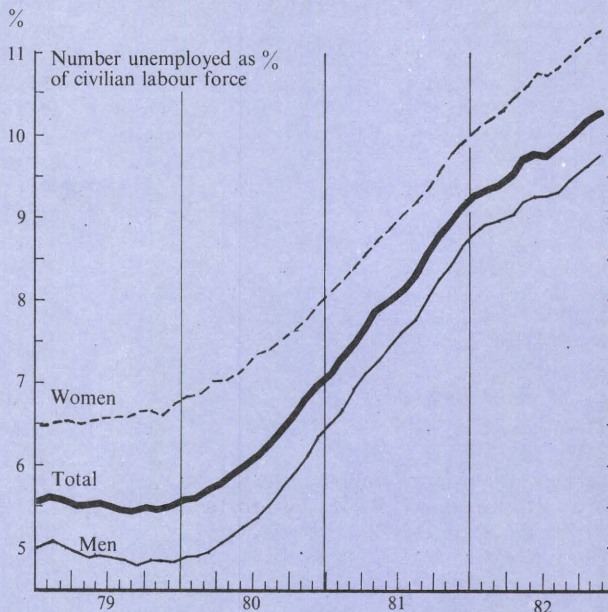
Between November 1981 and November 1982 consumer prices were up by 9,7% on average for the Community with the figures for individual Member States in the range from 4,5% in the Netherlands to 19,9% for Greece. Four other Member States (DK, IRL, I, L) have 12 month inflation rates above 10% while France, despite a rise of 1% in November, kept its 12-month inflation rate below 10%, as did Belgium thanks in part to a very small rise in November. In Germany the rate of inflation, at 4,7%, is close to that of the Netherlands while in the United Kingdom the 12-month rate of inflation, at 6,2%, has been reduced to a third of the figures recorded in 1980 (Table 3).

**Trend in trade balance still uncertain.** — The trade deficit of the Community, which (seasonally adjusted) has shown erratic fluctuations in recent months, according to a preliminary estimate fell somewhat in October in response to a further improvement of the trade balance of the Belgium/Luxembourg Economic Union (in surplus for the second consecutive month) and to a decline in the French deficit from the very large level recorded in September. Also the Italian deficit fell somewhat while, on the other hand, the German trade surplus was considerably reduced in comparison with the results of the previous five months (Graph 7 and Table 5).

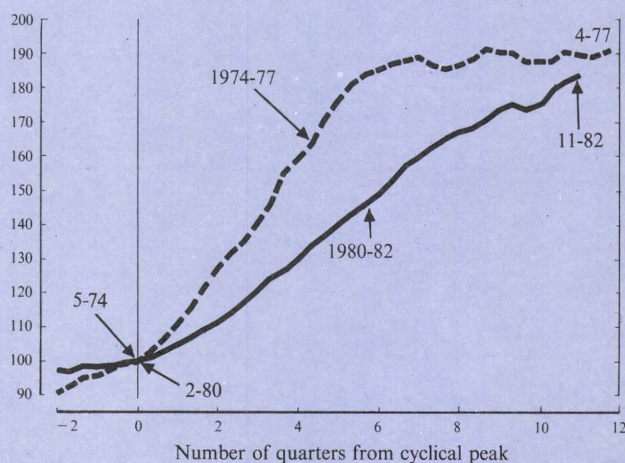
**Renewed decline in short-term interest rates.** — The lowering of the discount rates by the Bundesbank and the Nederlandsche Bank in early December was followed by similar movements in market rates in these countries. After the small rise in November, the average level of short-term interest rates in the Community fell in December by 0.4 percentage points to 11,4%. Developments were, however, very uneven among the Member States with the large declines in Germany (1.1 points) and the Netherlands (1.5 points) accompanied by substantial increases in Greece (2 points) and Ireland (1.9 points). A small rise took place in the United Kingdom in response to the weak position of the pound sterling in the exchange markets while some reduction took place in France and Italy.

**Slight increase in long-term rates in November.** — Long-term rates in the Community on average edged upwards in November to 13,2%. The movements in long-term rates for the individual Member States resulted in an increase in the degree of divergence in this respect as the interest rate differential between the lira and the DM widened from 12.1 points in October to 12.6 points in November (the spread on short-term rates was 12 points in November and rose to 12.8 points in December).

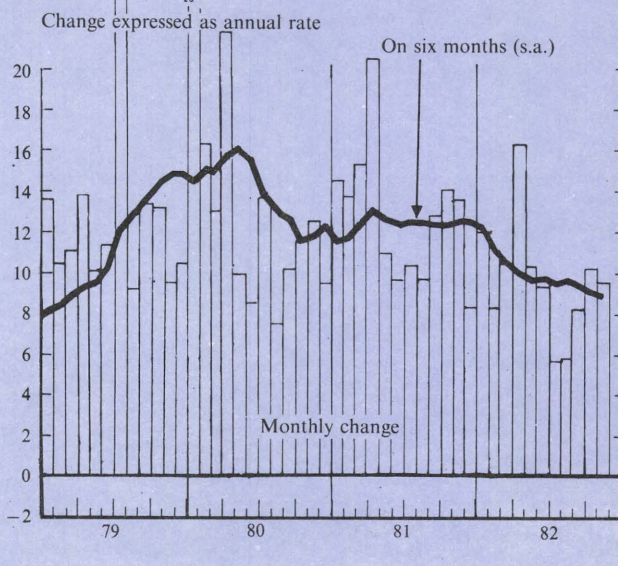
GRAPH 4: Unemployment (s.a.), EC 9



GRAPH 5: Unemployment in the Community over two cycles



GRAPH 6: Consumer prices EC 10





**The ECU rises against the dollar but falls against the yen. — Devaluation of the drachma.** — For the first time since May 1982 the ECU in December rose against the dollar (Graph 8). The rise amounted to 4,3% on average for the month, but continued into January so that the value of the ECU against the dollar by 14 January had increased by close to 7% over the average of the month of November. Against the yen, on the other hand, the ECU fell by 5,3% on average for the month and also in this case the movement continued into January 1983. The effective international (trade-weighted) value of the ECU rose by only 1,2% in December, while that of the dollar fell by 3,9% and that of the yen rose by 7,4. The effective exchange rate of the yen has thus increased about 11% in only two months. In December 1982 it was nevertheless 2,3% lower than a year earlier. Since the cost and price performance of Japan has been much more favourable than on average in the competing countries, the real effective exchange rate for the yen, even after the rise in November/December, 1982 provides a very considerable improvement of the competitive position of Japanese products in the world market.

The value of the drachma against the US dollar was reduced by 18,3% on 10 January 1983<sup>1</sup>. In addition, the Greek authorities—with reference to article 130 of the Accession Treaty—requested the Community's agreement to protective measures in some sectors. More details on these measures will be provided in the February number of Supplement A.

(For technical reasons connected with the transmission and treatment of data, the present number of Supplement A does not contain any new figures for the money supply).

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<sup>1</sup> The drachma's value against the 1 US dollar was reduced from 84 to 71 (The conventional calculation is then:  $\frac{84}{71} = 1.183$ ). The devaluation has also been presented as 15,5% through the following calculation:  $\frac{13}{84} \times 100 = 15.5$ . In other words, on ceteris paribus assumption, Greek import prices would rise 18,3% in drachma, while Greek export prices would fall 15,5% in dollars.

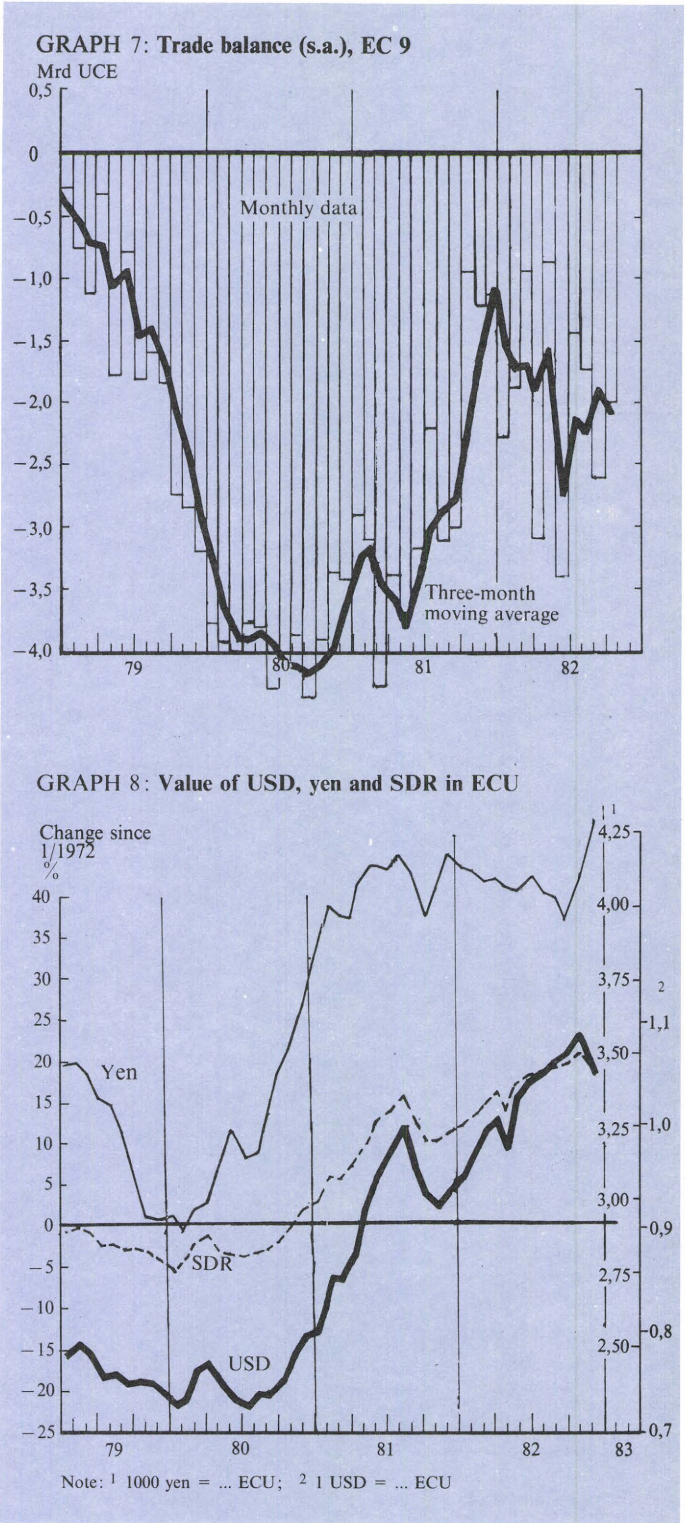


TABLE 1: Industrial production<sup>1</sup> - Percentage change on preceding period (s.a.)

	1977	1978	1979	1980	1981	1981		1982			1982							Change over 12 months % <sup>2</sup>
						III	IV	I	II	III	April	May	June	July	Aug.	Sept.	Oct.	
B	0.4	2.4	4.3	-1.0	-3.0	-0.8	0.9	0.5	1.7	-2.7	5.8	2.3	-0.6	-2.9	-2.6	5.0	:	1.4
DK	0.8	2.3	3.6	0.2	0.3	3.2	3.2	3.4	2.4	-3.3	-1.1	-4.6	9.7	-8.9	-0.4	4.9	-8.1	-3.9
D	2.8	2.0	5.5	-0.8	-1.4	0.9	0.9	0.9	-0.9	-3.7	-0.9	-0.9	-1.9	-3.8	4.0	-1.9	-1.0	-5.0
GR	1.5	7.5	6.0	0.9	-0.6	1.9	0.3	-0.6	-4.6	:	-1.3	-1.5	-2.8	-1.7	-4.2	:	:	-14.4
F	1.6	1.6	4.7	-0.7	-2.3	0.3	1.2	-2.3	0.8	-3.6	-0.8	1.6	-0.8	-3.9	0	0.8	1.6	-1.6
IRL	7.6	8.4	6.2	-1.0	1.9	1.6	0.4	-0.2	0.7	-1.1	-1.7	0.2	-1.3	1.5	-3.0	0.6	:	-2.9
I	0	2.1	6.7	5.0	-2.2	-4.3	5.5	2.5	-4.0	-7.0	-0.6	-3.4	-4.9	2.3	-12.7	12.6	-2.1	-5.5
L	0.5	3.2	3.4	-3.3	-6.8	1.1	1.2	0.5	-4.7	-0.1	-2.4	3.3	-1.4	-0.6	1.6	-2.0	6.5	-2.8
NL	0	0.9	2.8	0	-1.8	-1.5	3.1	-1.2	-3.0	-2.8	0.9	-2.8	-0.9	1.0	-3.8	-1.0	0	-6.1
UK	4.9	3.4	3.8	-6.6	-3.9	0.1	1.1	-0.7	-0.5	0	0.2	0.2	-1.3	0.8	0	0.4	-0.3	-1.4
EC 10	2.3	2.5	4.9	-0.8	-2.2	0.1	0.1	0.3	-0.2	(-2.0)	0.6	0.6	-2.0	-0.6	-0.3	(-0.1)	(-0.8)	(-3.7)
USA	6.5	5.7	4.4	-3.6	2.7	0.3	4.4	-3.1	-1.7	-0.9	-1.1	-0.7	-0.4	0.1	-0.5	(-0.5)	:	(-10.3)
JAP	4.1	6.2	8.4	7.1	3.1	2.1	2.0	-0.9	-1.7	-1.5	-2.0	-1.7	2.4	0.6	-0.4	1.2	-3.1	-3.6

TABLE 2: Unemployment rate - Number of unemployed as percentage of civilian labour force (s.a.)

	1977	1978	1979	1980	1981	1981		1982			1982							Change over 12 months % <sup>2</sup>
						III	IV	I	II	III	May	June	July	Aug.	Sept.	Oct.	Nov.	
B	7.8	8.4	8.7	9.4	11.6	12.0	12.5	13.2	13.5	14.0	13.5	13.8	13.8	14.0	14.1	14.3	14.5	17.0
DK <sup>3</sup>	5.8	6.5	5.3	6.1	8.3	8.3	8.9	8.9	9.0	8.5	9.0	8.8	8.0	8.7	8.8	(9.0)	(8.9)	(3.5)
D	4.0	3.9	3.4	3.4	4.8	5.1	5.8	6.3	6.9	7.3	6.9	7.0	7.1	7.2	7.6	7.7	7.8	36.8
GR	4.8	5.2	6.0	6.4	7.8	8.0	8.5	8.6	8.8	8.9	8.8	8.9	8.9	8.8	8.9	8.9	8.9	7.2
IRL	9.2	8.4	7.4	8.3	10.4	10.7	11.0	11.5	12.1	12.9	12.0	12.3	12.6	12.9	13.1	13.4	13.6	27.6
I	6.4	7.1	7.5	8.0	8.8	8.8	9.4	9.7	10.3	10.5	10.3	10.4	10.4	10.5	10.7	10.8	11.1	18.6
L	0.5	0.7	0.7	0.7	1.0	1.0	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.3	1.4	1.4	23.8
NL	4.1	4.1	4.1	4.7	7.2	7.5	8.3	8.9	9.6	10.4	9.5	9.9	10.2	10.3	10.7	10.9	311.2	38.0
UK <sup>3a</sup>	5.7	5.7	5.3	6.9	10.6	11.1	11.8	12.0	12.2	12.4	12.1	12.2	12.2	12.4	12.7	12.8	(12.8)	(10.3)
EC 9	5.3	5.5	5.5	6.2	8.1	8.3	9.0	9.3	9.7	9.9	9.7	9.8	9.7	9.8	10.1	10.2	(10.3)	(17.2)
USA	7.0	6.0	5.8	7.1	7.6	7.4	8.4	8.8	9.5	9.9	9.5	9.5	9.8	9.8	10.1	:	:	35.7
JAP <sup>4</sup>	2.0	2.2	2.1	2.0	2.2	2.2	2.2	2.3	2.4	2.4	2.4	2.5	2.4	2.3	2.4	2.5	2.4	12.6

TABLE 3: Consumer price index - Percentage change on preceding period

	1977	1978	1979	1980	1981	1981		1982			1982							Change over 12 months % <sup>2</sup>
						III	IV	I	II	III	May	June	July	Aug.	Sept.	Oct.	Nov.	
B	7.1	4.5	4.5	6.6	7.6	2.6	2.1	1.9	2.3	2.5	0.9	0.9	0.7	0.6	1.2	0.8	0.1	8.9
DK	11.1	10.0	9.6	12.3	11.7	2.4	2.2	2.1	2.4	2.6	1.1	0.8	0.8	0.6	1.1	1.2	0.8	10.1
D	3.7	2.7	4.1	5.5	5.9	1.2	1.2	1.5	1.4	1.1	0.6	1.0	0.2	-0.2	0.3	0.3	0.2	4.7
GR	12.2	12.5	19.0	24.9	24.5	1.9	7.5	4.2	7.0	1.6	1.3	2.6	-0.5	-1.3	2.7	2.4	2.1	19.9
F	9.4	9.1	10.7	13.6	13.4	3.9	3.2	2.8	3.1	1.4	0.8	0.7	0.3	0.3	0.5	0.5	1.0	9.4
IRL <sup>5</sup>	13.6	7.6	13.2	18.2	20.4	5.6	5.9	2.3	5.8	2.1	(1.9)	(0.7)	(0.7)	(0.7)	(0.5)	(0.5)	(0.5)	12.3
I	17.0	12.2	14.8	21.2	19.6	3.0	4.6	4.0	3.0	4.1	1.1	1.0	1.3	1.8	1.5	1.7	1.3	16.5
L	6.7	3.1	4.5	6.3	8.1	2.0	1.6	2.7	2.0	2.9	1.4	1.1	1.0	0.5	0.7	1.1	0.9	10.8
NL	6.4	4.2	4.3	7.0	6.9	1.6	1.9	1.1	1.6	0.8	0.2	0.2	0.3	0.1	0.7	0.5	0	4.5
UK	15.9	8.3	13.4	18.0	11.9	1.7	2.5	1.7	3.2	0.5	0.7	0.3	0	0	0	0.5	0.5	6.2
EC 10	10.5	7.6	10.2	14.1	12.6	2.5	3.1	2.5	2.9	1.8	0.8	0.8	0.5	0.5	0.7	(0.8)	0.8	9.7
USA	6.5	7.6	11.5	13.5	10.2	2.9	1.4	0.8	1.5	1.9	1.0	1.2	0.6	0.2	0.2	0.3	-0.2	4.6
JAP	8.1	3.8	3.6	8.0	5.0	0.2	1.2	0	1.0	0.4	0.3	0	-0.7	0.7	1.8	0.3	:	3.1

TABLE 4: Volume of retail sales - Percentage change on preceding period (s.a.)

	1977	1978	1979	1980	1981	1981		1982			1982							Change over 12 months % <sup>2</sup>
						III	IV	I	II	III	April	May	June	July	Aug.	Sept.	Oct.	
B	1.2	2.3	3.9	1.2	-3.3	-1.2	0.4	-0.7	-1.4	:	1.2	-6.6	0.5	3.2	-0.3	:	:	-1.1
DK	1.1	-2.4	2.2	-1.5	-0.6	0.6	-1.2	1.9	2.0	-1.9	2.0	-1.7	0.1	-0.9	-2.3	3.1	:	4.3
D	3.1	2.8	2.6	0.3	-2.6	1.2	0.2	-2.3	-2.4	0.9	-1.0	-4.7	-0.4	0.8	0.8	-1.0	:	-5.6
GR	5.9	4.9	-2.1	-3.0	-3.3	1.2	11.5	-15.2	-1.2	3.7	0.1	1.2	-1.4	1.7	0.6	6.1	:	-0.6
F	0.1	2.1	2.3	-0.4	0.7	0.6	1.7	0.6	-0.2	-1.2	-0.3	-4.5	6.3	-3.6	0.5	-2.7	5.1	-1.9
IRL	4.9	8.7	3.3	-0.7	-0.7	1.3	-4.9	0	-2.6	:	2.1	-9.8	1.9	-3.1	:	:	:	-8.5
I	2.9	2.6	7.3	3.1	2.0	0.2	2.4	1.0	3.0	-2.4	2.9	-3.2	0.9	2.5	-4.6	-3.9	:	-2.4
NL	4.7	4.7	-0.3	-4.1	-5.2	-1.2	-3.6	-0.4	0.3	1.6	4.8	-4.5	0.7	6.4	-5.8	1.1	:	-1.9
UK	-1.7	5.5	4.3	0.1	1.1	0.7	0	1.1	-0.4	2.3	-0.7	0	0.9	0.7	1.4	-0.1	0.1	2.7
EC 9 <sup>6</sup>	1.5	3.2	3.4	0.2	-0.4	0.5	0.6	-0.1	-0.2	-0.5	0.4	-3.5	1.7	0.4	(-0.5)	(1.5)	:	(-1.1)
USA	3.7	3.1	-0.1	-6.2	-1.1	-1.6	-2.7	-0.7	1.2	-1.7	0.7	1.9	-4.3	1.0	-1.2	0.9	:	-2.1
JAP	2.9	4.4	5.5	-0.2	-2.8	0.4	-1.1	-0.8	-1.7	:	-3.3	3.0	-1.3	-2.5	2.6	:	:	-4.3

TABLE 5: Visible trade balance - fob/cif, million ECU (s.a.)

	1977	1978	1979	1980	1981	1981		1982			1982							Change over 12 months % <sup>2</sup>
						III	IV	I	II	III	April	May	June	July	Aug.	Sept.	Oct.	
B/L	-2523	-2890	-2064	-4993	-5418	-1758	-722	-1446	-1388	-343	-597	-429	-363	-115	-369	142	323	548
DK	-2809	-2198	-3022	-2116	-1475	-313	-451	-420	-413	-445	-171	-113	-129	-68	-221	-156	-136	-30
D	14520	15967	8939	3615	11239	2983	5204	5168	5542	5872	1262	2168	2113	1956	1924	1982	1258	-345
GR	-3589	-3340	-4162	-3853	-3951	-943	-1212	-2000	-1296	-1163	-486	-495	-315	-232	-335	-596	:	-307
F	-6128	-4081	-6194	-16948	-17283	-4276	-5136	-4771	-6043	-6243	-2223	-1141	-2679	-1939	-1849	-2455	-1771	-152
IRL	-876	-1137	-1947	-1893	-2467	-742	-573	-627	-353	-333	-215	-98	-40	-94	-181	-58	-62	127
I	-2239	-319	-3893	-15307	-13554	-3460	-1980	-3724	-2909	-2968	-855	-947	-1108	-649	-1060	-1259	-1063	-509
NL	-1680	-2198	-2622	-2981	1320	317	1342	1823	1039	524	401	356	283	26	246	252	:	-4
UK	-5516	-5588	-7998	-3353	-446	-1645	-334	-1270	-1943	-810	-460	-742	-741	-134	-209	-467	-318	-600
EC 10 <sup>7</sup>	-10840	-5782	-22961	-47829	-32034	-9167	-3877	-7671	-8352	-5698	-3430	-1538	-3404	-1430	-1681	-2587	(-1982)	(-1304)
USA	-31907	-31014	-27146	-26113	-35538	-9672	10326	-8571	-7022	-14418	-322	-3185	-3515	-2526	-7437	-4445	-5727	-1094
JAP	8488	14285	-5574	-7700	7831	3559	2104	1443	2831	(2103)	747	979	1105	863	506	730	:	-555

Source: For the Community countries: Eurostat, unless otherwise stated; for the United States and Japan: national sources.

TABLE 6: Money stock<sup>8</sup> - Percentage change on preceding period (s.a.)

	1977	1978	1979	1980	1981	1981		1982			1982							Change over 12 months % <sup>2</sup>
						III	IV	I	II	III	May	June	July	Aug.	Sept.	Oct.	Nov.	
B (M2)	9,9	9,6	6,2	2,7	5,9	0,4	1,2	0,8	2,0	3,1	·	·	·	·	·	·	·	7,3
DK (M2)	9,7	8,6	10,5	8,0	9,1	2,5	2,6	2,7	2,8	2,9	1,2	1,2	1,5	0,6	0,8	0,0	-0,5	9,3
D (M3)	11,1	11,0	6,0	6,2	4,8	1,1	0,3	3,0	2,3	1,3	0,2	1,3	0,2	0,0	1,2	-0,1	-0,4	6,6
GR (M3)	22,7	26,0	18,4	24,7	34,7	7,4	8,9	5,6	9,5	·	2,0	5,0	1,8	1,0	·	·	·	33,0
F (M2)	13,9	12,2	14,4	9,7	11,4	2,6	0,7	4,3	3,9	2,6	1,5	1,0	1,4	0,8	0,4	·	·	12,2
IRL (M3)	16,3	28,7	19,0	18,0	18,8	4,6	3,2	2,1	1,7	4,9	-0,4	0,2	2,2	0,9	1,7	0,7	3,5	16,7
I (M2)	21,8	22,8	20,4	12,3	10,0	1,0	4,4	1,5	3,3	·	1,5	0,8	1,3	1,3	·	·	·	13,4
NL (M2)	3,6	4,2	7,0	3,6	5,6	1,4	-0,4	5,7	0,9	·	0,2	0,2	1,2	-0,3	·	·	·	7,5
UK (£M3)	9,3	13,3	11,7	19,6	13,9	5,6	2,3	1,7	2,5	3,3	1,1	0,8	0,8	1,4	1,1	1,7	0,1	10,2
EC 10 <sup>9</sup>	12,9	13,5	11,8	10,8	9,7	2,4	1,7	2,9	2,9	·	0,9	1,0	0,9	0,7	·	·	·	10,3
USA (M2)	10,8	8,3	8,8	9,6	10,0	2,1	2,5	2,3	2,3	2,4	0,9	0,5	0,8	1,2	0,4	·	·	9,9
JAP (M2)	11,1	13,1	9,1	7,2	11,0	2,4	2,8	2,0	1,7	2,5	1,1	0,9	0,8	0,8	0,9	0,5	·	8,5

TABLE 7: Short-term interest rates<sup>10</sup>

	1978	1979	1980	1981	1982	1981	1982				1982							Change over
						IV	I	II	III	IV	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	12 months 2
B	7,3	10,9	14,2	15,6	14,1	16,0	14,5	15,8	12,9	12,4	15,8	14,8	13,9	12,9	12,8	12,4	12,4	-3,6
DK	15,4	12,5	16,9	14,9	16,4	11,6	14,8	16,8	20,2	17,5	16,8	12,0	11,4	20,2	21,6	17,5	17,5	5,9
D	3,7	6,9	9,5	12,3	8,8	10,8	9,6	9,5	8,0	6,3	9,5	9,4	8,4	8,1	7,4	7,4	6,3	-4,5
GR	:	:	11,0	16,8	20,2	18,0	20,0	22,9	23,0	15,8	22,9	21,0	23,4	23,0	15,5	13,8	15,8	-2,2
F	7,8	9,7	12,0	15,3	14,6	15,1	16,3	15,0	13,9	12,8	15,0	14,9	14,3	13,9	13,1	13,1	12,8	-2,3
IRL	9,9	16,0	16,2	16,6	17,5	18,8	21,1	19,9	15,4	15,5	19,9	17,4	16,0	15,4	13,6	13,6	15,5	-3,3
I	11,5	12,0	17,6	20,0	20,1	21,4	20,8	20,5	18,6	19,1	20,5	20,0	18,9	18,6	18,9	19,4	19,1	-2,3
NL	7,0	9,6	10,6	11,8	8,3	10,9	8,4	9,1	7,9	5,3	9,1	9,1	8,1	7,9	6,5	6,8	5,3	-5,6
UK	9,4	13,9	16,8	14,2	12,2	15,8	13,6	13,1	10,6	10,6	13,1	11,9	10,9	10,6	9,6	10,4	10,6	-5,2
EC 10 <sup>9</sup>	87,7	10,3	13,4	14,9	13,2	14,9	14,2	14,0	12,4	11,4	14,0	13,4	12,5	12,4	11,7	11,8	11,4	-3,5
USA	7,4	10,8	11,6	14,0	10,5	11,7	13,4	12,6	7,6	7,9	13,3	9,6	8,4	7,6	7,8	8,2	7,9	-3,7
JAP	5,1	5,9	10,7	7,4	(6,8)	6,9	6,4	7,1	7,2	(6,8)	7,1	7,1	7,1	7,2	7,0	7,0	(6,8)	(-0,1)

TABLE 8: Long-term interest rates<sup>11</sup>

	1977	1978	1979	1980	1981	1981		1982			1982							Change over 12 months %
						III	IV	I	II	III	May	June	July	Aug.	Sept.	Oct.	Nov.	
B	8,8	8,5	9,7	12,2	13,8	14,0	14,0	13,9	13,6	13,2	13,6	13,6	13,4	13,1	13,2	13,2	12,9	-1,0
DK	16,2	16,8	16,7	18,7	19,3	20,4	19,5	20,6	21,2	21,2	21,3	21,2	20,6	20,9	21,2	20,1	19,6	0,6
D	6,2	5,7	7,4	8,5	10,4	11,1	9,7	9,5	9,1	8,7	8,8	9,1	9,3	9,0	8,7	8,3	8,1	-1,9
GR	9,5	10,0	11,2	17,1	17,7	16,6	16,9	16,4	15,8	14,9	15,6	15,8	16,0	15,5	14,9	13,8	12,4	-2,6
F	11,0	10,6	10,9	13,7	16,3	17,1	16,5	16,4	16,0	15,8	16,1	16,0	16,0	15,8	15,8	15,8	15,8	-1,0
IRL	12,9	12,8	15,1	15,4	17,2	18,2	18,2	18,8	18,6	15,2	18,3	18,6	17,3	15,9	15,2	13,9	15,5	-2,7
I	14,6	13,7	14,1	16,1	20,6	22,4	21,4	20,9	21,2	20,4	21,2	21,2	21,2	21,1	20,4	20,4	20,7	-1,0
L	7,0	6,6	6,8	7,4	8,6	9,2	9,3	10,0	10,7	10,5	10,7	10,7	10,8	9,7	10,5	10,7	10,8	1,6
NL	8,5	8,1	9,2	10,7	12,2	13,1	11,8	10,8	10,9	10,4	10,4	10,9	11,2	10,7	10,4	9,9	8,9	-3,5
UK	12,5	12,6	13,0	13,9	14,8	16,1	15,8	13,6	13,6	11,1	13,6	13,6	13,0	11,6	11,1	10,3	11,4	-3,7
EC 10 <sup>9</sup>	10,5	10,1	10,9	12,7	14,9	15,9	15,1	14,4	14,3	13,4	14,2	14,3	14,2	13,7	13,4	13,1	13,2	-1,8
USA	7,1	7,9	8,7	10,8	12,9	14,1	12,9	13,0	13,2	11,0	12,7	13,2	13,0	12,2	11,5	9,7	10,1	-2,6
JAP	7,3	6,1	7,7	9,2	8,7	9,0	7,9	7,6	8,5	8,3	8,0	8,5	8,3	8,4	8,3	8,3	8,3	0,1

TABLE 9: Value of ECU — 1 ECU = units of national currency or SDRs

	1978	1979	1980	1981	1982	1981	1982					1982							Change over
						IV	I	II	III	IV	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	12 months	
																			% <sup>2</sup>
BFR/LFR	40,06	40,17	40,60	41,29	44,68	41,10	42,97	45,11	45,19	45,45	45,14	45,05	45,16	45,36	45,60	45,45	45,31	9,3	
DKR	7,02	7,21	7,83	7,92	8,15	7,88	8,06	8,13	8,22	8,21	8,16	8,18	8,22	8,28	8,28	8,20	8,14	2,6	
DM	2,56	2,51	2,53	2,51	2,38	2,44	2,43	2,38	2,36	2,33	2,37	2,36	2,36	2,35	2,35	2,34	2,31	-5,6	
DR	46,80	50,78	59,24	61,62	65,30	61,74	62,72	64,82	66,70	67,01	65,99	66,58	66,76	66,76	66,81	66,66	67,56	9,1	
FF	5,74	5,83	5,87	6,04	6,43	6,15	6,21	6,30	6,60	6,60	6,42	6,57	6,59	6,65	6,65	6,61	6,54	5,6	
IRL	0,664	0,669	0,676	0,691	0,690	0,688	0,691	0,690	0,687	0,691	0,688	0,686	0,686	0,688	0,691	0,689	0,693	0,8	
LIT	1 080	1 138	1 189	1 263	1 324	1 302	1 308	1 323	1 325	1 339	1 327	1 324	1 324	1 326	1 338	1 345	1 334	2,0	
HFL	2,75	2,75	2,76	2,78	2,62	2,69	2,67	2,64	2,59	2,55	2,62	2,61	2,60	2,58	2,56	2,55	2,55	-4,9	
UKL	0,664	0,646	0,598	0,553	0,561	0,578	0,561	0,563	0,551	0,566	0,556	0,552	0,552	0,549	0,548	0,561	0,590	3,7	
USD	1,274	1,371	1,391	1,116	0,981	1,090	1,038	1,002	0,951	0,934	0,978	0,959	0,952	0,941	0,930	0,916	0,955	-11,9	
YEN	267,1	300,5	315,0	245,4	243,5	244,4	242,1	244,4	245,9	241,7	245,5	244,2	246,4	247,2	252,0	242,3	230,9	-2,5	
SDR	1,018	1,061	1,068	0,946	0,888	0,938	0,912	0,885	0,875	0,866	0,887	0,878	0,876	0,872	0,868	0,858	0,873	-6,3	

TABLE 10: Effective exchange rates: export aspect<sup>12</sup> - Percentage change on preceding period

	Change over 12 months																	
	1978	1979	1980	1981	1982	1981	1982				1982				Change over 12 months			
						IV	I	II	III	IV	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	%
B/L	2.9	1.2	-0.5	-5.3	-9.3	1.1	-5.2	-5.5	-0.9	0.0	-0.8	0.1	-0.3	-1.7	1.1	-0.1	0.6	-9.9
DK	-0.1	-0.8	-7.9	-6.8	-4.1	2.0	-3.5	-1.4	-2.4	2.3	-2.0	-0.7	-0.6	-1.3	2.0	1.1	1.9	-2.4
D	6.0	4.8	0.4	-5.2	5.0	5.1	-0.6	2.2	0.2	2.2	-0.4	0.3	0.1	-0.9	1.9	0.2	2.2	6.1
F	-1.0	0.9	0.4	-8.6	-7.5	-1.7	-2.1	-1.7	-4.1	-1.7	-4.5	-2.7	-0.4	5.0	-5.4	0.2	1.7	-7.2
IRL	0.7	0.2	-2.0	-8.3	-1.1	2.1	-2.4	-0.2	-1.3	0.5	-1.6	-0.3	-0.1	-1.0	0.2	0.6	1.7	-1.2
I	-6.1	-3.2	-3.7	-12.2	-6.7	-2.6	-1.5	-1.6	-1.2	-0.7	-1.0	-0.2	0	-1.3	0.5	-1.1	1.5	-3.6
NL	2.8	1.8	0.1	-5.0	5.4	5.0	-0.2	0.6	1.1	2.3	0.4	0.4	0.5	-0.3	2.0	0.2	0.5	4.3
UK	0.4	6.2	10.1	1.1	-4.7	-0.9	1.7	-1.0	1.0	-2.2	1.2	0.2	0.2	-0.4	1.6	-3.2	-4.4	-5.7
ECU	2.9	5.9	2.2	-14.9	-5.4	3.0	-2.5	-0.9	-2.1	0.8	-2.2	-1.1	0	-0.3	1.5	-1.2	1.2	-3.1
USA	-8.7	-3.3	-0.3	14.0	12.1	-3.6	3.9	3.7	4.5	1.7	5.2	1.4	0.5	0.4	2.3	0.4	-3.9	12.2
JAP	21.7	-7.1	-4.1	14.0	-4.8	0.9	-1.4	-2.5	-3.1	1.8	-3.1	-0.5	-1.1	-1.3	-1.7	3.3	7.4	-2.3



## Major economic policy measures — December 1982

### Community (EC)

17.12 The Council (Economic and Financial Affairs) carried out its third quarterly examination of the economic situation in the Community. On completion of this examination it adopted the Annual Report on the economic situation in the Community and fixed the economic policy guidelines to be followed by Member States in 1983.

The Council, which had held a first exchange of views at its July session on the Commission Communication on budgetary discipline and economic convergence, also held a second examination of the problems raised by this communication.

### Belgium (B)

2.12 The Government adopted various Royal Decrees under the special powers, in particular, the measures adopted:

- require provinces and communes to submit balanced budgets from 1988 onward;
- permit firms to derogate from labour regulations in order to experiment with the adjustment of working hours, on condition they recruit new staff;
- revise plans to put the universities on a sounder footing;
- create a category of development area where tax incentives will be granted to encourage foreign investment;
- require public transport authorities to balance their 1983 budgets and improve operating results by at least 1 % a year from 1984.

17.12 The Government adopted a Royal Decree under the special powers, limiting directors' fees to a sum no more than 6% higher than the 1981 amount.

24.12 The Government adopted a series of Royal Decrees under the special powers, with measures:

- introducing a new system of indexation for social benefits, with effect from 1 July 1983, based on the average change in the consumer-price index over the previous four months;
- increasing minimum benefits under all social security schemes by 1%, to offset the incidence of the new system of indexation on minimum incomes;
- increasing by 5%, with effect from 1 February, guaranteed incomes for old people, handicapped persons allowances, etc;
- extending the validity of the Decree by which family allowances to wage-earners in the private sector and public service officials are reduced by Bfrs 500;
- extending the validity of the decrees introducing a special contribution of Bfrs 900 from single persons and childless couples, a levy on the holiday bonuses of workers and a special social security contribution, applicable to annual incomes of over Bfrs 3 million.

### Denmark (DK)

8.12 The Government presented its investment programme consisting of various measures and guidelines concerning: research and training, support for industrial activities, promotion of technological innovations, fiscal reliefs and capital transfers to industry. The programme is conceived rather as a medium-term complement to policies aiming to improve international competitiveness.

16.12 Folketinget voted the budget for 1983. Compared to the probable outcome for 1982 central government revenue will rise by 10,9% to 155,5 mrd kr. in 1983 against a 7,4% increase in expenditure to 184,7 mrd kr. implying a minor fall in the deficit on the current, investment and lending accounts (excl. interest payments on government debt) from 31,7 mrd kr. in 1982 to 29,2 mrd kr. in 1983. However, interest payments growing from 24,4 mrd kr. to 39,7 mrd kr. result in a total deficit rising from 56,1 mrd kr. in 1982 (11,9% of GDP) to 68,9 mrd kr. in 1983 (13,4% of GDP).

16.12 The interbank agreement from 28 February 1978 on a maximum rate for major deposits not exceeding the official discount rate plus 4% was denounced due to increased competition among banks.

217.12 Folketinget adopted for 1983 a temporary 2½% levy on the stock of capital accumulated in life insurance companies, pension funds, individual pension accounts, etc. as assessed at the end of 1982. The levy will be substituted from 1984 by a permanent taxation of the yields adjusted for the rate of inflation and a 3½% tax allowance. The proceeds of the levy are estimated at some 4 mrd kr. in 1983 (included in the budget figures above).

### Federal Republic of Germany (D)

2.12 The Central Council of the Bundesbank (Zentralbankrat) decided on a reduction in the central bank's lending rates. The discount rate was reduced from 6% to 5%, and the Lombard rate from 7% to 6%. It also fixed the target range for the growth of the central bank money, between the fourth quarters of 1982 and 1983, at 4 to 7%.

16.12 The Bundesrat and Bundestag agreed on the federal budget for 1983 (total expenditure is fixed at DM 253 000 million and total net borrowing at DM 40 900 million) and on a second supplementary federal budget (Nachtragshaushalt), which increases the net borrowing of the Bund for 1982 by another DM 5 800 million to DM 39 700 million.

### Greece (GR)

7.12 The Government presented its wages policy for 1983. Indexation rules remain unchanged, with increases in the index passed on in full to incomes under Dr 35 000, 50% of the increase passed on to incomes from Dr 35 000 to Dr 55 000, and 25% to incomes from Dr 55 000 to Dr 80 000. The wage increase due for the price rise recorded between September and December 1982, which should normally be paid on 1 January 1983, will be granted in two equal instalments, on 1 January and 1 May; the wage rise due for the period from January to August will be paid on 1 September.

16.12 Taxation of the profits of sole proprietorships was revised to the advantage of small firms: the tax on profits of less than Dr 1 million was substantially reduced, and the increase in tax applied only to profits of Dr 3 million and over.

19.12 Price controls were reinforced. The arrangements now involve electronic monitoring of the prices of the main consumer products and of import prices.

### France (F)

3.12 The Government took measures adopting retirement and other pensions:

- an increase in the rate for reversionary pensions from 50% to 52%;
- an increase of 4% on 1 January and again on 1 July in all pensions, not only under the general scheme but also under aligned schemes; a compensatory increase of 1,5% to 6%, depending on the date of retirement, for people who began to draw their pensions before 1 January 1975 (*Loi Boulin*), and thus have pensions based on average earnings in the last ten, rather than the best ten, years of working life.

3.12 The Government decided to spend FF 500 million over five years on the reindustrialization of Lorraine.

7.12 The final supplementary budget for 1982 was adopted by the National Assembly. It amounts to FF 17 300 million (including FF 7 600 million for public corporations and FF 5 000 million for the industrial public sector). Social expenditure accounts for FF 4 600 million, mostly involving the UNEDIC (FF 2 300 million).

8.12 Urgent measures were taken to attenuate the financial imbalance of social security funds in 1982. They included a special loan of FF 5 900 million from the *Caisse des Dépôts et Consignations*.

11.12 Family allowances were increased by 7,5% from 1 January 1983, while the allowances for the third child was halved (FF 3 000 instead of FF 6 000).

16.12 The monetary growth target for 1983 was set at 10% (compared with 13% in 1982). Credit controls were accordingly tightened. Credit granted by the major banks (the so-called 'category one' banks) may not expand by more than 3% from the end of 1982 to the end of 1983 (compared with 4,5% for the previous year). The rate of growth of consumer credit is to be reduced from 7% to 5%, while the volume of personal loans must contract by at least 8%.

16.12 The Prime Minister announced a series of measures concerning family allowances: a considerable increase in orphans' allowances, a new allowance for the last child in large families, and twice-yearly adjustment.

29.12 From 1 January 1983, the ceiling on social security contributions is FF 7 410 a month (corresponding to an increase of 12,44% over a year).

### Ireland (IRL) None.

### Italy (I)

23.12 On a proposal from the Banca d'Italia, the Government took the following measures:

- the ceiling on bank credit, allowing growth of 14% in annual terms, was maintained for the first half of 1983;
- the banks' holdings of medium-term paper were raised for the first half of 1983;
- the rate of compulsory reserves in relation to new deposits was raised from 20% to 25%, and the expansion of banks' liabilities was made subject to compulsory reserves;
- the Banca d'Italia was authorized to change the rate of reserves on its own initiative within certain limits.

30.12 The Government adopted two Decree-Laws involving:

- an increase of Lit 4 700 000 million in Treasury receipts, obtained by revising some of the bases for income tax and by increasing certain indirect taxes;
- an increase of Lit 1 900 000 million in local authority revenue, obtained through a supplementary tax on income from property and an increase in levies excise duties and public service charge.

### Luxembourg (L)

2.12 The national tripartite conference reached agreement on a series of measures for 1983, including in particular

- wage restraint: there will be only three wage adjustments, each of 2,25%, on 1 May, 1 September and 1 December, with the average increase for the year being 7%;
- an extension of the freeze on traders' profit margins, although the rate of wage increase applies to the net amount of these margins;
- an increase in the minimum monthly wage from Lfrs 24 730 to Lfrs 25 480;
- an extension of the freeze on commercial rents;
- the renewal of arrangements for the solidarity contribution, although the special tax of 0,5% on the Wages Bill is discontinued and the solidarity contribution for professional incomes is raised from 5% to 6,5% of the net income.

18.12 The Belgian and Luxembourg Governments agreed to increase the amount of Luxembourg notes and coins in circulation from Lfrs 1 400 million to Lfrs 2 800 million. The Luxembourg Government will hold claims in Belgian francs as a counterpart to the extra fiduciary issue.

### Netherlands (NL)

3.12 With effect from 3 December 1982, the Nederlandsche Bank reduced the discount rate from 5,5% to 5%, the rate on advances from 6% to 5,5% and the rate on promissory notes from 6,5% to 6%.

22.12 The Government decided to discontinue price controls in industry and commerce except in seventeen sectors. Controls will remain in force in the services sector (excluding commerce) except in seven branches.

29.12 Parliament approved a series of social measures:

- social allowances and the minimum wage were increased by 1% with effect from 1 January 1983;
- from the same date, there will be no further increase in family allowances for the third child and subsequent children;
- those in receipt of the minimum income will be granted a single allowance to safeguard their purchasing power;
- public assistance to unemployed 16 and 17 year-olds who have never been employed and who live with their parents will be discontinued from 1 January, but the parents will be eligible for family allowances.

### United Kingdom (UK) None.

